

Message Text

UNCLASSIFIED

PAGE 01 STATE 044029
ORIGIN NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 USIE-00 INRE-00 PM-05 H-02 INR-10 L-03
PA-02 SP-02 SS-15 EB-08 COME-00 TRSE-00 MCE-00
ACDA-12 DOE-11 SOE-02 /083 R

DRAFTED BY NEA/P:DUNDELAND:LL
APPROVED BY NEA:SSOBER
-----098808 182131Z /65

O 182033Z FEB 78
FM SECSTATE WASHDC
TO AMEMBASSY JIDDA IMMEDIATE
INFO USLO RIYADH IMMEDIATE
AMCONSUL DHAHRAN IMMEDIATE

UNCLAS STATE 044029

E.O. 11652:N/A

TAGS: MASS, SA

SUBJECT:NEWS ARTICLE ON NEW SAUDI CITY

WOULD APPRECIATE ANY PERTINENT INFORMATION THE EMBASSY
MAY HAVE ON THE FOLLOWING ARTICLE BY YOUSSEF M. IBRAHIM
THAT APPEARED ON THE FRONT PAGE OF THE NEW YORK TIMES
FEBRUARY 18:

QUOTE: SAUDI ARABIA IS PLANNING TO CREATE A CITY OF 100,000
PEOPLE THAT WILL BE DESIGNED AS A MODERN MILITARY CENTER
FOR THE PRODUCTION OF WEAPONS, ACCORDING TO SOURCES IN
AMERICAN INDUSTRY AND IN THE UNITED STATES GOVERNMENT.

THE SAUDI ARABIAN MINISTRY OF DEFENSE AND AVIATION HAS
COMMISSIONED AN AMERICAN ARCHITECTURAL CONCERN, EDWARD
DURELL STONE ASSOCIATES, BASED IN NEW YORK, TO PREPARE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 044029

A MASTER PLAN FOR A PROPOSED CITY, A SPOKESMAN FOR THE
CONCERN CONFIRMED YESTERDAY.

THE SPOKESMAN SAID THE NEW COMMUNITY WOULD BE AT AL
KHARJ, 60 MILES SOUTH-EAST OF RIYADH, THE SAUDI ARABIAN
CAPITAL. BUT THE SPOKESMAN SAID HE HAD NO KNOWLEDGE OF
ANY MILITARY ACTIVITIES PLANNED FOR THE FUTURE CITY.

COST PUT AT \$10 BILLION

HOWEVER, AT LEAST TWO INDUSTRY PUBLICATIONS AS WELL AS SOURCES IN AMERICAN INDUSTRY AND IN THE GOVERNMENT SAID THE PROJECT, WHICH HAS BEEN SHROUDED IN SECRECY UNDER INSTRUCTIONS FROM THE SAUDI GOVERNMENT, WOULD BE CENTERED AROUND THE PRODUCTION OF AMMUNITION AND ADVANCED WEAPONS. ACCORDING TO ONE SOURCE, MISSILES WOULD ALSO BE MANUFACTURED THERE.

'WE ARE ONLY COMMISSIONED TO WORK ON THE DESIGN PHASE AND PREPARE PRELIMINARY QUALIFICATION BIDS FOR THE COMMUNITY CENTER IN THE TOWN,' AN OFFICER OF THE ARCHITECTURAL FIRM SAID YESTERDAY OF THE PROJECT, WHICH INDUSTRY SOURCES ESTIMATE WILL COST \$10 BILLION. HE SAID INVITATIONS TO BID WILL GO TO SEVERAL INTERNATIONAL CONSORTIUMS NEXT FALL, INCLUDING SOME AMERICAN CONSTRUCTION COMPANIES.

ASKED WHAT TYPE OF INDUSTRY SUPPORT WAS PLANNED FOR THE POPULATION, HE SAID: 'WE DON'T KNOW WHAT ARE THE INDUSTRIAL PLANS. THEY ARE STILL IN THE DESIGN STATE.'

ANOTHER INDUSTRY SOURCE, HOWEVER, SAID COMPANIES THAT WILL WORK ON THE PROJECT WILL OPERATE ON A 'STRICTLY NEED-TO-KNOW BASIS,' MEANING, HE SAID, THEY WILL
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 044029

EXECUTE PROJECTS AND CARRY OUT CONSTRUCTION WITHOUT THE BENEFIT OF COMPLETE INFORMATION.

TWO SPECIALIZED INDUSTRY AND BUSINESS PUBLICATIONS SAID THEY HAD LEARNED THAT THE PLANNED CITY AT AL KHARJ, WHICH NOW HAS A POPULATION OF AROUND 10,000, WILL BE THE SITE OF MILITARY PRODUCTION.

MILITARY PRODUCTION SEEN

ENGINEERING NEWS-RECORD, A CONSTRUCTION INDUSTRY WEEKLY PUBLISHED BY MCGRAW HILL, SAID IN ITS JANUARY 26 ISSUE THAT THE LARGE SAUDI OASIS WOULD HAVE MUNITIONS PLANTS AND WAS INTENDED PRIMARILY TO HOUSE WORKERS AT THESE PLANTS AND RELATED FACILITIES. THE SAUDI CITY, THE PUBLICATION SAID, WILL HAVE A RAPID TRANSIT LINE AND COMMUNICATIONS SYSTEMS.

ANOTHER PUBLICATION, MIDEAST MARKETS, A NEW YORK-BASED NEWSLETTER, SAID IN ITS CURRENT ISSUE IT HAD LEARNED THAT THE COMPLEX WOULD ALSO HOUSE FACILITIES TO MANUFACTURE AIR-TO-AIR AND SURFACE-TO-SURFACE MISSILES, WHICH

WILL BE MADE UNDER THE SPONSORSHIP OF A PAN-ARAB MILITARY INDUSTRIES ORGANIZATION FORMED THREE YEARS AGO BY SAUDI ARABIA, EGYPT, QATAR AND THE UNITED ARAB EMIRATES. FOREIGN TECHNICIANS WILL BE USED, THE NEWSLETTER SAID.

A PENTAGON SOURCE SAID HE HAD NOT HEARD OF THE PLANNED MISSILE CONSTRUCTION PROJECT. BUT HE ADDED, 'WE HAVE HEARD FROM A NUMBER OF CONSTRUCTION FIRMS THAT THE COMPLEX WAS ASSOCIATED WITH THE MILITARY AND THAT IT HAS BEEN DIRECTLY CONTRACTED BY THE SAUDI MINISTRY OF DEFENSE.' 'AT THIS POINT I WOULD HAVE TO SAY THERE IS DEFINITELY SOMETHING THERE,' HE REMARKED.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 044029

ARMY ENGINEERS NOT INFORMED

THE UNITED STATES ARMY CORPS OF ENGINEERS, WHICH IS RUNNING A MULTIBILLION-DOLLAR CONSTRUCTION PROGRAM FOR SAUDI ARABIA, INCLUDING SEVERAL MILITARY CONSTRUCTION PROJECTS, SAID THE CORPS HAD NOT BEEN INFORMED OF THE PROJECT.

ASKED IF IT WAS PLAUSIBLE THAT THE SAUDIS WOULD EMBARK ON SUCH A PROJECT WITHOUT ADVISING THE CORPS, THE PENTAGON SOURCE SAID: 'YOU'RE DAMN RIGHT THEY CAN. THEY ARE DOING A FEW THINGS THEY DON'T WANT THE WORLD TO KNOW ABOUT.'

ASKED ABOUT THE REPORTS,SOURCES AT THE STATE DEPARTMENT SAID THEY KNEW NOTHING OF THE PLANNED MILITARY CENTER. BUT A SENIOR GOVERNMENT OFFICIAL WHO WORKS CLOSELY ON SAUDI AFFAIRS SAID: 'THERE HAS BEEN A GREAT DEAL OF SENSITIVITY ABOUT THAT JOB.' HE SAID THAT COMPANIES THAT MAY BE INVITED TO BID ON THE PROJECT WERE ADVISED TO KEEP IT OUT OF THE NEWS.

A DALLAS-BASED CONCERN, THE SAM P. WALLACE COMPANY WHICH HEADS ONE OF THE CONSORTIUMS THAT ARE EXPECTED TO BE INVITED TO BID ON THE PROJECT, SAID IT WAS NOT AT LIBERTY TO DISCUSS THE MATTER AT THE REQUEST OF ITS CLIENT.

CARL WALLACE, AN OFFICER OF THE COMPANY, IN WHICH A SAUDI MILLIONAIRE, GAITH PHARAON HOLDS AN INTEREST, SAID THE SAUDIS HAD ASKED THAT ANY ANNOUNCEMENT BE HELD BACK UNTIL THE BIDS WERE AWARDED. HE ADDED THAT HE WAS NOT SURE WHAT INDUSTRIES WERE TO BE CENTERED IN THE CITY, 'BECAUSE WE WERE NOT TOLD.'

UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 044029

TRADE PUBLICATIONS BROKE NEWS

STONE ASSOCIATES, WHICH RECEIVED A COMMISSION FOR THE PROJECT IN LATE 1978, KEPT IT CONFIDENTIAL UNTIL THE TRADE PUBLICATIONS BROKE THE NEWS. THE FIRM, WHOSE OFFICERS EXPRESSED IRRITATION AT INQUIRIES BY THE NEW YORK TIMES TODAY, SAID THEY WOULD MAKE AN ANNOUNCEMENT LATER.

HOWEVER, A SPOKESMAN FOR THE FIRM SAID INVITATIONS TO BID WOULD GO OUT TO ABOUT 12 CONSORTIUMS IN THE UNITED STATES, SWEDEN, BRAZIL, FRANCE, WEST GERMANY, THE NETHERLANDS AND ITALY IN SEPTEMBER.

WORD OF THE SAUDI PROJECT HAS BEGUN CIRCULATING AT A TIME WHEN ISRAELI GOVERNMENT OFFICIALS HAVE BEEN CRITICIZING THE CARTER ADMINISTRATION'S DECISION TO SUPPLY SAUDI ARABIA WITH SOPHISTICATED MILITARY AIRCRAFT.

ARAB MILITARY INDUSTRIES, WHICH REPORTEDLY WILL SPONSOR THE CONSTRUCTION AT AL KHARJ, WAS SET UP THREE YEARS AGO BY THE FOUR ARAB COUNTRIES AND WAS CAPITALIZED AT \$1 BILLION, SOURCES SAID, SO FAR IT HAS SPONSORED A NUMBER OF PROJECTS IN EGYPT TO PRODUCE HELICOPTERS AND MILITARY JEEPS IN COOPERATION WITH FOREIGN PARTNERS FROM BRITAIN AND FRANCE.

LAST MONTH, SOURCES REPORTED, THE SAUDIS CONTRACTED WITH THE ELECTRONICS DIVISION OF FRANCE'S THOMSON-BRANDT C.S.F. TO SET UP A UNIT IN SAUDI ARABIA FOR THE MANUFACTURE OF ELECTRONIC MILITARY COMMUNICATIONS EQUIPMENT. UNQUOTE. VANCE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, CONSTRUCTION, MILITARY PERSONNEL, URBAN AREAS, MILITARY BASES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE044029
Document Source: CORE
Document Unique ID: 00
Drafter: DUNDELAND:LL
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780076-0912
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780236/aaaabeef.tel
Line Count: 207
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f31a61d3-c288-dd11-92da-001cc4696bcc
Office: ORIGIN NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23 feb 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3544451
Secure: OPEN
Status: NATIVE
Subject: NEWS ARTICLE ON NEW SAUDI CITY WOULD APPRECIATE ANY PERTINENT INFORMATION THE EMBASSY MAY HAVE ON THE FOLLOWING ARTICLE BY YOUSSEF M. IB
TAGS: MASS, SOPN, SA
To: JIDDA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f31a61d3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014